

March 2005

## **SBA - Your Small Business Resource**

### **2005 SBA Awards Honor Small Business**

**Honolulu, HI** - The U.S. Small Business Administration (SBA) has selected the winners for the prestigious 2005 SBA Small Business Awards. The awards, recognizing the contributions of Hawaii's small business owners, entrepreneurs and advocates to the state's economy, are among the most competitive and comprehensive business awards in Hawaii and the U.S..

SBA's Small Business Person of the Year recognizes the accomplishments of outstanding small business owners who have demonstrated staying power, innovativeness in their products and services, job creation, and increased revenues. From a field of outstanding candidates, one state winner and four county winners will receive awards from SBA in April.

SBA Champion Awards honor those individuals who have demonstrated a commitment to supporting small businesses through professional and volunteer efforts with an extraordinary impact on any segment of the small business community. These areas of advocacy include support in minority, women owned, and veteran owned small businesses or for advocacy through journalism, legislation, or financial services. Fifteen awards will be given this year.

The SBA Small Business Awards will be a highlight of the Chamber of Commerce "Experience the Power" 2005 Awards Luncheon on April 19<sup>th</sup> at the Sheraton Waikiki as part of their Small Business Appreciation Month celebrations. Reservations are available from the Chamber at 545-4300.

### **Chamber of Commerce Kicks Off Small Business Appreciation Month**

The Chamber of Commerce of Hawaii will launch its inaugural Small Business Appreciation Month in April 2005 to recognize the contributions to our islands and celebrate our small business community. Special events are planned that offer opportunities for growth to small businesses along with recognition of our most successful small firms.



Watch for the "Small Business: Experience the Power" Expo at the Blaisdell on April 12<sup>th</sup>, 2005. The Expo will include booths, computer demonstrations and matchmaking activities for registered businesses.

The "Small Business: Experience the Power" 2005 Awards Luncheon will bring the small business community together to honor top small business people who drive the economy with their talent, energy and innovation. The 2005 SBA Small Business Awards and the Winner's Circle - exhibits by the awardees - will be featured at the Chamber event. To participate in these exciting events, contact the Chamber at 545-4300 or [www.cochawaii.org](http://www.cochawaii.org).

**Celebrate Small Business Success! Make Your Reservations Early!**

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Hawaii Small Business Development  
Center Network  
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[www.hawaii-sbdc.org](http://www.hawaii-sbdc.org)

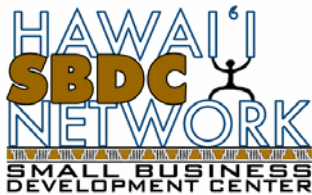
Hawaii Women's Business Center  
808/522-8136  
[www.hwbc.org](http://www.hwbc.org)

SCORE  
808/522-8130  
[www.hawaiiscore.org](http://www.hawaiiscore.org)

## Hawaii SBDC Director to Chair ASBDC Accreditation Committee



Darryl Mleynek



Darryl Mleynek, the State Director for the Hawaii Small Business Development Center Network based in Hilo, was elected chair of the National Accreditation Committee of the Association of Small Business Development Center Networks (ASBDC) at the ASBDC Membership Conference in New Orleans in September 2004. This position, because of the centrality of accreditation to the relationship of the SBDCs to the U.S. Congress is generally considered one of the two most important positions in the ASBDC.

Mleynek has served on this 20-member committee since 1999 and has been the accreditation team leader in examinations of the SBDC programs in the states of Arizona, North Carolina, Oklahoma, Oregon, and Washington and a member of the team for Idaho and Florida. Later this year, he will lead the team for the examination for the SBDC in American Samoa.

ASBDC accreditation is based upon the rigorous continuous quality improvement standards of the Malcolm Baldrige Criteria developed in the 1980s. Congress has placed considerable power in the accreditation process by requiring that the SBA cease to fund any program that is denied accreditation, which has occurred on occasion. SBDC programs must be re-accredited every 4 years. No other economic development program in the nation has a comparable accreditation process.

## Opportunities Abound at Oahu Worklinks

Oahu Worklinks is a partnership of cooperating organizations and private businesses dedicated to workforce development on O'ahu. Business customers and job seekers alike can connect to essential employment related resources at any of the seven one stop shops around the island.

Services for small businesses or employers who need to expand staff or enhance the skills of existing employees will find that Worklinks can streamline the process for hiring or training. Their integrated network can deliver a full range of training programs at little or no cost to the employer. Some of the biggest advantages to smaller businesses include:

- Employment listings with local and national job banks
- Financial support for employer-driven-on-the-job-training
- Funds to pay for company-site or classroom training
- Matching qualified applicants with job requirements
- Customized programs or training in computers, interpersonal skills, team building, customer service and sales.

FOR INFORMATION: Contact Teri Pang at the O'ahu WorkLinks Business Center, 843-0733 ext. 242 / [teripang@gmail.com](mailto:teripang@gmail.com)

## NxLevel for Entrepreneurs "Sharpen Your Business Skills"

The Hawaii SBDC Network and Leeward Community College will present NxLevel™ for Entrepreneurs, an award winning course for both existing business owners and those wishing to start a business. The course is scheduled Mar 16 to Jun 1, 2005, Wednesday evenings (12 sessions) from 6:00 p.m. to 9:00 p.m., at the college. The NxLevel courses combine textbook and workbook learning with lectures and speakers.

NxLevel™ is a nationally recognized entrepreneurial training program with proven results: existing businesses who have completed this training have experienced an average of 30% increase in gross sales and created an average of 1.3 jobs within one year of graduation. Forty percent of Startup participants actually start businesses within one year after completing the course and over 90% of these businesses are still in operation after three years (National average is 16.5% for the same timeframe).

NxLevel™ teaches entrepreneurs important planning skills, from business concept development and feasibility studies to the actual preparation of a comprehensive business plan which includes marketing, budgeting and financial analysis.

**EMAIL:** [olive\\_hahn@hawaii-sbdc.org](mailto:olive_hahn@hawaii-sbdc.org)

## SBA Hawaii District Office Ranks #2 in Nation for 2004

**Honolulu, Hawaii** – The past fiscal year was one of great accomplishment for the Hawaii District Office of the U.S. Small Business Administration. Hawaii closed out fiscal year 2004 with the second place ranking among the 68 district offices across the nation. The ranking is based on the delivery of SBA's financing programs, government contracting assistance, and counseling, training and technical assistance activities to the small businesses in our community.

### **FINANCING TOPS \$63 MILLION**

Loan volume outpaced all previous records for the Hawaii district with local firms receiving over \$63.6 million in financing. The number of 7(a) loans, SBA's leading financing tool, broke all previous performance levels with 473 total loans. The 504 Loan program, the long-term, fixed rate financing for major fixed assets was clearly a winning financing tool this year. HEDCO made 45 loans, pumping over \$20 million into the economy. The total loan count hit 518 loans, with 57% of that number going to minority owned business and 34% going to women owned firms.

### **8(A) CONTRACTING CLOSES AT \$154 MILLION**

SBA's government contracting program, better known as the 8(a) Business Development program, secured \$154 million in federal funds for small firms, as reported to date. The Hawaii District Office has been able to facilitate over 300 matchmaking appointments between small firms and larger prime contractors or federal agencies. Hawaii's 8(a) portfolio currently includes 225 firms in Hawaii and Guam.

### **COUNSELING, TRAINING AND OTHER ASSISTANCE**

SBA's local staff offers high quality counseling and training with the Hawaii SBDC Network, Hawaii Women's Business Center, Pacific Islands SBDC in Guam, American Samoa SBDC, American Samoa Women's Business Center and SCORE. With this extensive network, SBA tracked over 21,900 counseling and training units in 2004. Downtown Honolulu's Small Business Resource Center (SBRC) had almost 9,000 visits from small business owners and start ups as well as community groups and organizations. The SBRC is operated in partnership with the City and County of Honolulu.

The outlook for fiscal year 2005 is also bright. The Hawaii staff will continue to identify new ways to address the needs of small businesses through technical assistance, training, and financing programs.

## New Lenders Join SBA's Community Express Loan Program

**Community Express** is a new SBA financing tool created to boost economic development and job creation by providing loans and quality technical assistance for start ups and existing small firms.

The program, available in Hawaii for about two years, allows select, pre-approved lenders to tailor the terms of this loan to meet specific needs of borrowers in the marketplace. Innovative Bank entered the local market and was followed by Central Pacific Bank, Business Loan Express, and most recently, Bank of Hawaii. The parameters for the programs do vary with each lenders.

To be eligible, the small business must be located in a low to moderate income area or be owned at least 51% by a woman, veteran or a minority. The borrower must also work with an approved technical assistance provider to submit the loan application and to develop new business skills. In the last fiscal year, over 140 small businesses were funded in Hawaii through this unique financing tool.

Call SBA at 541-2990 for more information.

### **SBA Hawaii District Office**

#### **Loan Activity**

**FY 2005**

**As of 2/28/2005**

<u>Bank</u>	<u>No. of Loans</u>	<u>Loan Amount(000's)</u> <u>Gross</u>
Bank of Hawaii	46	3497.8
Central Pacific Bank	25	1536.6
First Hawaiian Bank	21	1688.7
American Savings Bank	18	2360.5
Citizens Security Bank	5	240.0
Center Bank	3	1200.0
Hawaii National Bank	3	705.0
Comerica Bank	1	348.0
Bank of Guam	1	50.0
Capital One	1	50.0
<b>Sub-total</b>	<b>124</b>	<b>11676.6</b>
Innovative Bank	25	145.0
Business Loan Center LLC	1	20.0
Microloan	4	35.0
<b>Total 7(a) Loans</b>	<b>154</b>	<b>11876.6</b>
<b>HEDCO 504 Loans</b>	<b>8</b>	<b>3805.0</b>
<b>Grand Total</b>	<b>162</b>	<b>15681.6</b>

## **Hawaii's Lenders Shatter Records; BOH and CPB are Tops for 2004**

The Hawaii District Office of the U.S. Small Business Administration released record breaking numbers for the small business financing programs offered with participating banks in fiscal year 2004. Loan volume smashed previous records for the Hawaii district with local firms receiving over \$63.6 million in government guaranteed financing. These year end statistics are the basis for the annual SBA Lender of the Year and Lending Officer of the Year recognition program.

Noting outstanding results from all SBA lending partners, District Director Andrew K. Poepoe announced the final results of the highly competitive Lender of the Year contest. Bank of Hawaii earned the top honors as SBA Lender of the Year in Category I in a repeat performance from 2003. Central Pacific Bank captured the number one position among the Category 2 lenders. Banks are recognized for their SBA lending in two separate size categories based on the size of their commercial loan portfolio.

Bank of Hawaii produced 116 loans for over \$12 million with a performance that outpaced their former record of 104 loans in 1999. Category I includes those banks with total commercial loan portfolio of \$500 million or more.

The Category II Lender award winner was Central Pacific Bank. The bank delivered 41 SBA loans to small firms for \$4,881,000. Category II class is comprised of those financial institutions with a total commercial loan portfolio of less than \$500 million.

## **LOAN OFFICERS IN HAWAII PUSHING THE LIMITS**

SBA honors individual bankers who are the top producers in the agency's guaranteed loan program through the competitive annual Lending Officer of the Year Awards.

Leading small business lending on Oahu, the Gold Award was presented to repeat winner John Dickinson of American Savings Bank, with Ray Nakagawa, also of American Savings Bank, taking the Silver Award. Lawrence Pai of Central Pacific Bank won the Bronze Award.

On Kauai, Jeff Murata of First Hawaiian Bank claimed the Gold with Jim Mayfield of Bank of Hawaii winning the Silver for the island.

Maui's top award went to Dean Duque of First Hawaiian Bank with Nicole Wilhelm of Bank of Hawaii accepting the Silver Award.

Winners for East Hawaii were Roxann Uyetake, Bank of Hawaii, with the Gold Award and Howard Higashi, First Hawaiian Bank, with the Silver Award. For West Hawaii, Christie Dermengian won the Gold Award followed by Alison Jones with the Silver, both of Bank of Hawaii.

## **Best Buy in Town: 504 Loans**

### **SBA Loan Program Helps Small Businesses Finance Equipment and Construction, Buy Real Estate**

Small businesses periodically need long-term financing for those bigger business purchases, like construction, new real estate or to buy equipment. The Certified Development Company Program, often referred to as the "504 Program", is a joint federal government and private sector program that provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings, building construction, expansion, and renovation as well as equipment (with an economic life of ten or more years).

The program allows private sector lenders to meet the long-term credit needs of eligible small businesses by participating in project financing with a Certified Development Company (CDC). CDCs are nonprofit corporations set up to contribute to the economic development of its community. CDCs work with the SBA and private-sector lenders to provide financing to small businesses.

Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50% of the project cost, a loan secured with a junior lien from the CDC (backed 100% by SBA) covering up to 40% of the cost, and a contribution of at least 10% equity from the small business being helped.

There are two primary advantages of the 504 Program for small businesses. Conventional financing often requires at least 20% equity, whereas the 504 Program typically only requires 10% equity. Also, under the 504 Program a significant portion of the financing is long-term, fixed rate financing. Conventional financing typically is based on variable interest rates. With today's low interest rates, small businesses can take advantage by locking into the low interest rates and lowering their long-term interest expense.

HEDCO LDC on Oahu and Lokahi Pacific Rural Development, Inc. on Maui are Hawaii's local CDCs and offer their services throughout the state of Hawaii. For more information, visit SBA's website at: <http://www.sba.gov/financing/sbaloan/cdc504.html>. You can also call directly to HEDCO LDC at (808) 521-6502 or Lokahi Pacific at (808) 242-5761 ext. 24.

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Information in this report is not an endorsement of the views, opinions, products or services of any other party by the SBA. The information is also subject to change without notice

All SBA programs are offered to the public on a nondiscriminatory basis.



## Women's Business Centers Reauthorized for Sustainability

### Hawaii Women's Business Center Funded for 2005 by SBA

Legislation to reauthorize SBA's Women's Business Centers Sustainability Program was signed into law after long delays and debates in Congress. Many of the recently graduated centers- those programs who had completed their first five year awards - were put in jeopardy as expected funding to continue operations was withheld. The 2005 bill, which provides approximately \$4 million in grants to established women's business centers across the country, was approved after a three month lapse in the program.

The Hawaii Women's Business Center was among the centers impacted by this delay, receiving their award notice in late October. The amount of the awards was also less than expected due to the funds made available through the legislation.

"Despite the reduced funding from SBA, the Hawaii Women's Business Center continues to provide counseling and training for women in our community. The situation has slowed down some of our plans to expand services in some areas, but we've have several new workshops coming up with expert instructors," said acting director Cherylle Morrow. "Like any small business, we're finding other ways to diversify our revenue sources and still offer high quality technical assistance. We're so grateful for the support we're getting from foundations, corporate sponsors, and local consultants."

The strategy to identify new funding resources was put into action in 2004 when HWBC was awarded \$10,000 from the Pettus Foundation to support financial literacy programs. A \$1,000 award was received from Sam's Club in October to support business development in Hawaii. Bank of Hawaii also was the corporate sponsor for HWBC's successful roundtable in November of 2004, "Building Hawaii's Future: Women Leading the Way."



**HWBC's Allison Nadey and Cherylle Morrow offer their thanks to Sam's Club**

## State and Federal Tax Procedures: Class Offers Clarity for Small Biz

Wondering about write offs? Can't find receipts? Taxes are a critical piece of financial management for small businesses: An oversight, late payments or lack of understanding can have a serious and negative impact on your bottom line. Though it might not help you with this year's returns, the *State and Federal Tax Procedures* workshop offered by Hawaii Women's Business Center on March 8 can get you on the right track for 2005 taxes.

The popular course begins at 9 a.m. at the Small Business Resource Center, 1041 Nuuanu Avenue in Honolulu and continues to 4:00 p.m. A break for lunch is scheduled mid day. The cost is just \$40. Advance registration is needed to assure sufficient materials and seating. Call HWBC at 522-8136

## New State System for Tax ID's for Island Businesses

The State Department of Taxation has implemented the business tax component of the new Integrated Tax Management System (ITIMS), marking the final phase of a five-year program to replace its separate income tax and business tax computer systems.

The new single computer system links all tax account information by the taxpayer's social security number (SSN) or Federal Employer Identification number (FEIN) as applicable. The change will allow the department to provide improved services.

Some of the changes affecting taxpayers as a result of the new system will include:

Centralized mailing and processing: All tax returns, payments, and other documents will be mailed to, processed by and stored on Oahu resulting in fewer delays and lower processing costs.

Current business tax license numbers are being replaced: ITIMS does not need the old license numbers since all accounts are integrated by SSN or FEIN.

Business taxpayers will be assigned a new Hawaii Tax ID number to replace the former license numbers to assure the confidentiality of your Social security number.

"Search the Tax Licenses" feature on the web lists both numbers for your business [www.state.hi.us/tax](http://www.state.hi.us/tax).

## **Increased Federal Contracting Opportunities for Service-Disabled Veteran-Owned Small Businesses**

An Executive Order, signed Oct. 20, 2004, is designed to strengthen and increase opportunities in federal contracting for small businesses owned by service-disabled vets. The order requires heads of agencies to provide significantly more contracting and subcontracting opportunities to service-disabled veteran-owned small businesses.

Specifically, Section Three of the Executive Order states that the Administrator of the SBA shall:

- (a) In coordination with the Veterans Affairs' Center for Veterans Enterprise, provide service-disabled veteran-owned small businesses information and assistance concerning participation in federal contracting;
- (b) Advise and assist heads of agencies in their implementation of this order; and
- (c) Make available to service-disabled veteran businesses training in federal contracting law, procedures and practices that would assist such businesses in participating in federal contracting.

The SBA will assist these small businesses to become more competitive and to grow and prosper, in compliance with the executive order. For information about SBA's programs to help SDV firms, visit <http://www.sba.gov/VETS/index.html>, about all of the SBA's programs and services, visit [www.sba.gov](http://www.sba.gov).

## **Hawaii SBDC Connects with EBay Workshops**

Professional training is now available with the Hawaii Small Business Development Center Network for small businesses who want to ply their wares - or excess inventory - on E-Bay. Using the most up to date training and materials from E-Bay University, students learn insider's tips to increase your sales and profits.

Learn how to research and create listings to attract buyers; enhance listings with better descriptions and photos, set your pricing, and use Pay-Pal accounts to simplify payments. Methods for monitoring sales and avoid costly mistakes are also covered in the course.

The workshop will be on March 10, 2005, from 9 a.m. to 2 p.m. at the Oahu SBDC at the Small Business Resource Center, 1041 Nuuanu Avenue in Honolulu. The registration fee is \$40 in advance or \$45 at the door. Call 522-8131 or e-mail [sbdcoahu@interpac.net](mailto:sbdcoahu@interpac.net) for more information.

## **New online application for SBA's 8(a) program speeds certification**

The SBA has established a new electronic online application that will make it easier, faster and less expensive for small companies to apply for 8(a) Business Development and Small Disadvantaged Business certification directly from SBA's Web site. The new automated application will substantially reduce the time and cost burdens imposed on small businesses applying for certification.

The 8(a) Business Development Program helps small businesses owned, controlled, and operated by socially and economically disadvantaged individuals by providing management, technical, financial, and federal contracting assistance with the aim of assisting these entrepreneurs to create viable businesses. About 8,300 companies are presently certified in the 8(a) program.

During Fiscal Year 2003, \$9.56 billion in federal contracts were awarded to companies participating in the program. The application is 100 percent Web-based, allowing applicants to apply without downloading any software or plug-ins, replacing a four-page written application that required substantial supporting documentation. The online application incorporates features including context sensitive help, real-time validation, printer-ready versions and integrates with the Central Contractor Registry (CCR).

For more information visit the SBA Web site at [www.sba.gov](http://www.sba.gov).

## **Hawaii Ranks High on Traveler "Wish Lists"**

Hawaii is the third most popular U.S. state destination, after Florida and California, for multicultural travelers, based on recent research by the polling firm Yesawich, Pepperdine, Brown, and Russell.

Researchers found the number of trips taken by multicultural travelers is currently growing at the rate of 11 percent a year, or seven times faster than the rate for the general leisure travel market, and the trend is likely to continue if only because the multicultural population, which already represents 30 percent of all U.S. adults, is growing faster than the rest of the population.



Multicultural travelers also are more likely to try unusual cuisine, select a hotel for the distinctive atmosphere, go to a spa, shop or learn a new skill or activity while traveling.



## April 26-28, 2005 Washington, DC

Be a part of the U.S. Small Business Administration's Expo '05: Celebrating National Small Business Week.

This special event, taking place in **Washington, DC, April 26-28**, provides an exceptional opportunity to join forces with business leaders from around the country, network and celebrate the tremendous contributions made by America's small businesses to our nation's economy.

Come and learn about cutting-edge business practices, find out what's hot in business trends, meet government officials and talk with decision-makers who help shape the economy.

### CONFERENCE HIGHLIGHTS BUSINESS MATCHMAKING

A unique opportunity for small businesses to meet one-on-one with federal and corporate buyers to explore procurement options.

### EXPO FLOOR

More than 180 exhibitors from the public and private sectors will provide information and offer opportunities to network.

### BUSINESS SESSIONS

A superb lineup of educational seminars featuring expert panelists discussing the latest developments and best practices in the world of business and entrepreneurship.

### TOWN HALL

Tackle the pressing issues facing entrepreneurs today; talk to the SBA Administrator and other special guests; ask questions and talk about what's on your mind.

### Co-sponsors:



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for  
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[EXPO '05 Registration](#)

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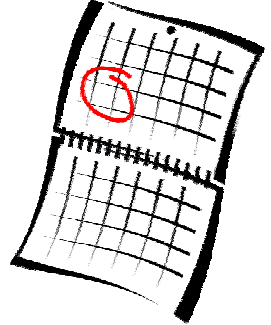
[www.score.org](http://www.score.org)

Look for the lineup of  
exciting speakers and  
events soon!

# Training Calendar

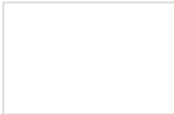
March 16 NxLevel for Entrepreneurs at LCC  
March 18 MicroEnterprise 101  
March 24 Computerized Bookkeeping 102

**Small Business Resource Center  
Workshops**  
**“SBA Resource and Your Business”**  
**A Workshop for Small Business Success**  
Every Tuesday At 9:00 Am  
Every Thursday At 2:00 Pm



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U.S. Small Business Administration  
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